



A NEW *name for* “RETAIL?”

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FlyWheel Sports

Many of us retail brokers and Landlords have grown accustomed to leasing space to non-true retail tenants. Other than restaurants and food users, the majority of deals I participated in during 2019 seemed to be fitness-related, beauty service oriented, or retail service in nature. As an example, I completed several deals with eyelash extension tenants alone. I certainly worked on a number of “true retail” deals, but the retail landscape continues to evolve...and faster than ever. Many of us are constantly asked by friends about the “death of retail,” or asked “aren’t you scared that retail is going to go away?”

If you participate in the commercial real estate sector you need to begin with the premise that no product type is immune to change. Office properties, for example, seem just as turbulent to me as retail with all of the work-sharing users out there, people working from home, and those posting up at Starbucks. You also have to factor in the exorbitantly high capital costs for office landlords, caused by hop-scotching office tenants that expand, downsize, or move altogether with higher frequency (due to higher tenant improvement allowance offerings and, of course, fewer barriers to entry with the lack of non-

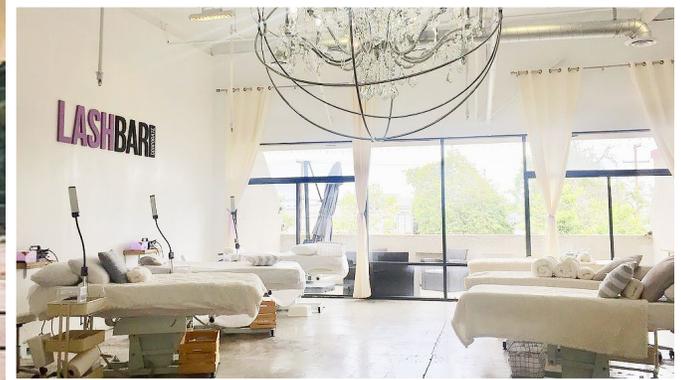


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compete lease clauses and restrictive CC&Rs often found in retail properties). With those economic hurdles, I would much rather own a strong shopping center than a major office property!

In a world where Amazon grows faster than ever and a lot of people find and buy their retail products online, many retail properties and shopping centers have become hubs for restaurants, service, fitness and entertainment.

So what are we, as “retail brokers,” actually leasing, selling, or promoting? Well, let’s begin with the fact that we are marketing some of the best and most valuable commercial real estate of any product type. Regional malls and neighborhood grocery-anchored assets often sit at important and busy intersections, as well as in areas where there is likely little nearby in-fill space to add services and amenities. Big-box centers often front major freeways that carry the most powerful traffic



Left: Philz Coffee

Top Right: Shake Shack

Bottom Right: Lashbar

counts you can find...and may also boast valuable extra space and land that can be re-positioned into more entertainment, experiential, fitness, destination, and residential types of uses. And, of course, urban and high-street retail is generally located along highly desirable stretches!

When I got into this business 14 years ago, the three main commercial product types were: office, industrial and retail. Essentially, you picked a discipline when joining a brokerage firm or team. While I believe there will be “office brokers” and “industrial brokers” for years to come, I am beginning to think that the way we describe ourselves as “retail brokers” or “retail experts” might begin to take on a different name.

As “retail brokers,” we work with Landlords and Tenants that seek properties that embody the **INTERSECTIONS OF LIFE**. These are properties that are highly accessible and convenient. These are properties that offer visitors a place to spend their free time and their money, and engage with friends, families, or even strangers. These properties not only offer a place to shop...but a place to be entertained, work out, mingle, relax, eat, drink, and discover something new. They are

also properties where brick-and-mortar retailers fit right in! Essentially, these properties provide **HUMAN AMENITIES**. Merriam-Webster defines the word amenity as “something that helps to provide comfort, convenience, or enjoyment.” It sounds to me that a lot of the retail properties I work on are places that people seek exactly that... comfort, convenience, or enjoyment.

Obviously, there are specialists in our sandbox that strictly focus on restaurants, lifestyle brands, etc. But could it be that 10 years from now, people generally describe the over-arching retail product type to simply be **AMENITY PROPERTIES?** Could it be that we will one day be referred to as **“AMENITY BROKERS?”**



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